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28 June 1955

MEMORANDUM FOR: Acting Chairman, EDIC
SUBJECT : Status of Pending EDIC and Related Projects

For your information the following report on the status of pending EDIC and related projects is provided. You will note that little progress has been made on several items, possibly because of recent preoccupation of supporting elements with Dodge Council, EIC R-1 S-4, and other current problems.

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1. Third Annual Progress Report of EDIC

A first draft of this report was furnished you and Ch/D/E on 10 June in accordance with your request for a draft by 15 June. In my transmittal I indicated that a final draft would be prepared for EDIC distribution after CIA had completed its review of the paper. [redacted] has reviewed the draft at request of Ch/D/E.

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2. Status of EDIC Cases

a) Case 3 - Soviet Trade Trends and Tactics: Soviet Bloc Exportation of Petroleum.

MDAC and OIR are to arrange "necessary coordination for final disposition of this paper (i.e., a revision of OIR Report 6714)".

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[redacted] advised on 27 June that she is awaiting a State policy statement which will indicate that State does not approve at this time submission to the CG of a paper on this subject. Upon receipt of this statement case 3 can be cancelled.

b)

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[redacted]
At its last meeting EDIC agreed to defer final disposition of this case until completion of the EIC R-1 S-4 exercise. OIR feels that further attempts should be made through USRO channels to accommodate [redacted] request for an exchange.

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c) Case 5 - Pending Bloc Shipbuilding Orders

25X1A9a [redacted] reports that a paper on question (a) of this case will be ready for circulation by 1 July; I/SH is preparing a contribution to answer question (b).

d) Case 6 - Information on Firms Reportedly Purchasing and Operating Ships for Communist China

25X1A9a [redacted] reports that a draft paper has been completed and is being cleared in CIA today. Upon its receipt from E/C the paper will be reproduced and distributed to EDIC.

e) Case 7 - Export of Ortho-Toluidine to Communist China

25X1A9a [redacted] initiated action 28 June on this 17 May request. He indicates that owing to copper, shipping and permanent magnet problems personnel were not free to undertake this project sooner.

f) Case 8 - Soviet Bloc Use of Borax Products for Rocket Fuel and Other Jet Flame Application

25X1A9a [redacted] reports that completion of this paper has been delayed by lack of a BuAer contribution. CIA requirement RD-C-1063, 15 June 1955 (revision of List of Questions, 10 June) has not been received in BuAer. St/I is tracing its transmittal. Because of the sensitivity of the information, BuAer will not release its reply (although completed) until the formal request arrives through channels.

g) Case 9 - Intelligence on Trade in Decontrolled Commodities

OSD reported on 22 June that little information can be expected from the MDAP source but that G-2 has been requested to follow-through on this project. State should be requested to initiate special reporting on selected items and the Executive Committee should be advised of developments.

h) Case 10 - Pattern of Soviet Bloc Strategic Exports to the West

25X1A9a [redacted] have agreed to revise EDIC/ID-13 on the basis of FOIA comments of 20 June. Commerce can provide no additional information.

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3. Status of Intelligence Requests

a) Intelligence Request No. 12 - Diversion of Strategic Material from South to North Korea

This 22 June request from EFC has been submitted to G-2 (with copy to OSD) for consideration and comment. E/T cannot undertake to provide the desired information.

4. Other EDIC Matters

a) EDIC Subgroup on Functions and Operations

This subgroup met on 31 May but arrived at no firm conclusions. Both MDAC and OIR wish to defer further deliberations until the status of FOA operations is clarified during the new fiscal year. [REDACTED] has deferred submission of substantive recommendations to streamline and improve EDIC operations.

b) Research Programming for Economic Defense

This subject was explored at the EDIC meeting of 28 April at which time it was agreed that EDIC action would be deferred pending completion of action now being taken by [REDACTED] 25X1A9a and the Wright group.

c) External Financial Operations of the Soviet Bloc

Further EDIC action on this subject awaits receipt of a packaged presentation of Executive Committee, EDAC Working Group and DCN comments (coordinated with the [REDACTED] group) 25X1A9a "on the priorities and range of problems inherent in that report (i.e., ING/R-16)".

d) Inventory of Economic Defense Projects

At the 21 October 1954 meeting of ING it was suggested that there be prepared a "monthly inventory of all projects completed or in process within the intelligence community which are considered directly relevant to the needs of the economic defense program". [REDACTED] was assigned responsibility for this project on 7 February 1955. Upon its completion the inventory should receive EDIC circulation.

e) In response to my memorandum of 16 March 1955, I have received from EAB/PSD/OS a 23 June statement of continuing clearance for one year on fifteen members of EDIC. I am awaiting a supplemental statement on twelve other members.

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5. Other Projects

a) 1955 MDAC Fact Sheet Program

A copy of my 23 June memorandum - Report on CIA Participation in 1955 MDAC Fact Sheet Program - is attached. You will note that there are several papers still outstanding; in addition, Fact Sheet T-6 and part 2 of T-4 are currently being reviewed by E/C. I have not yet received comments which [redacted] 25X1A9a indicated would reach me on 23 or 24 June on these two draft papers.

b) Downgrading of CG/COCOM/CHINCOM Documents

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The CIA position on downgrading of C/C/C documents was transmitted to the Chairman, Executive Committee by memorandum of 27 May. ED/EC CM-14 of 2 June circulated the CIA position paper to the Executive Committee for concurrence. By memorandum of 8 June [redacted] circulated for EDAC concurrence his draft of instructions to Paris on the subject. The subject was considered briefly at the 16 June meeting of the Executive Committee with inconclusive results (ref: ED/EC M-171).

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[redacted]

Attachment

Report on CIA Participation in 1955 MDAC Fact Sheet Program

D/E/RR:JAG:gg

Distribution

1 - Ch/D/E

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